

Message Text

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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 AF-10 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01

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R 101159Z MAY 74

FM USINT ALGIERS

TO SECSTATE WASHDC 0510

INFO AMEMBASSY PARIS

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: ENRG, AG

SUBJ: MORE US/ALGERIAN OIL EXPLORATION CONTRACTS

REF: ALGIERS 0269 AND 239

1. MISSION NOW UNDERSTANDS GULF, SHAHEEN AND MOBIL HAVE INITIALED AGREEMENTS FOR JOINT OIL EXPLORATION CONTRACTS WITH SONATRACH.

2. EXXON, PHILLIPS, AND AMOCO ARE ALL EXPECTED TO SIGN SHORTLY. SLIGHTLY LESS DEFINITE IS MARATHON.

3. ALL EXPLORATION CALLED FOR UNDER JOINT EXPLORATION CONTRACTS IS SCHEDULED TO BE COMPLETED BY END OF 1977. ACCORDING TO SONATRACH PLANNING, ALL CONTRACTS WILL, IN TOTAL, INVOLVE \$500 MILLION INVESTMENT AND COVER 150,000 SQUARE KILOMETERS IN ALGERIA. BEFORE THIS RECENT SPATE OF AGREEMENTS, PRIOR JOINT EXPLORATION

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AGREEMENTS COVERED ABOUT 100,000 SQUARE KILOMETERS AND

INVOLVED AN INVESTMENT OF ABOUT 300 MILLION DOLLARS, SEE
REFTELS.

4. ONCE BONUS TO SONATRACH IS SUBTRACTED, AREA AND
INVESTMENT OF EXPLORATION CONTRACTS HAVE BEEN
DIRECTLY TIED TO SIZE OF CRUDE OIL PURCHASE. THIS IS
BECAUSE OF MANDATORY 20 CENT A BARREL PAYMENT TO
SONATRACH FOR ALGERIAN CRUDE LIFTED, OR ELSE 35 CENT
A BARREL IN A JOINT OIL EXPLORATION WITH SONATRACH.
EAGLETON

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Message Attributes

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